REVENUE ESTIMATES OF PROPOSED COMMITTEE AMENDMENT UNDER S. 712, PUERTO RICO STATUS REFERENDUM ACT

(Markup Consideration by Senate Committee on Finance on August 1, 1990)

Prepared by the Staff

of the

JOINT COMMITTEE ON TAXATION

August 1, 1990

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TABLE 1. STATEHOOD OPTION

Revenue Table[1,2]

	Fiscal Years [Millions of Dollars]				
	1992	1993	1994	1995	1992-95
(1) Pro-rata 4-year Phase-out of Section 936 Credits Effective for Taxpayers' Second Taxable Year After Certification . . .	0	453	1231	1913	3597
(2) Targeted Cover-over of Phased Out Section 936 Credits[3].	0	-28	-381	-638	-1047
Subtotal of lines (1) and (2): Increase in Receipts From Section 936 Phase-out Less Cover-over of Phased -out Section 936 Credits . .	0	425	850	1275	2550

TABLE 1. STATEHOOD OPTION (continued)

Revenue Table[1,2]

	Fiscal Years [Millions of Dollars]				
	1992	1993	1994	1995	1992-95
(3) Pro-rata 4-year Phase-in of Income and Excise Taxes					
Individual[4]	0	85	269	423	777
Corporate	0	150	407	578	1135
Excise	0	177	278	297	752
(4) Cover-Over of Income and Excise Taxes[3]					
Individual	0	-85	-269	-423	-777
Corporate	0	-150	-407	-578	-1135
Excise	0	-177	-278	-297	-752
Subtotal of Lines (3) and (4): (3) Phase-in of Income and Excise Taxes Net of (4) Cover-Over of Income and Excise Taxes	0	0	0	0	0
Total of Lines (1) through (4): Increased Receipts and Cover-overs Under Statehood Option	0	425	850	1275	2550

1. Estimates assume results of election are certified during calendar year 1991.
2. Estimates are not provided for the post-1995 period.
3. Cover-overs are eliminated for years after 1995.
4. Includes earned income tax credit.

TABLE 2. INDEPENDENCE OPTION

Revenue Table[1,2]

	Fiscal Years [Millions of Dollars]				
	1992	1993	1994	1995	1992-95
(1) Pro-rata 4-year Phase-out of Section 936 Credits Effective for Taxpayers' Second Taxable Year After Certification	0	453	1231	1913	3597
(2) Phase-out of Cover-over of Excise Taxes to Puerto Rico	54	109	163	218	544
(3) Increase in Individual Taxes on U.S. Citizens in Puerto Rico	3	5	7	8	23

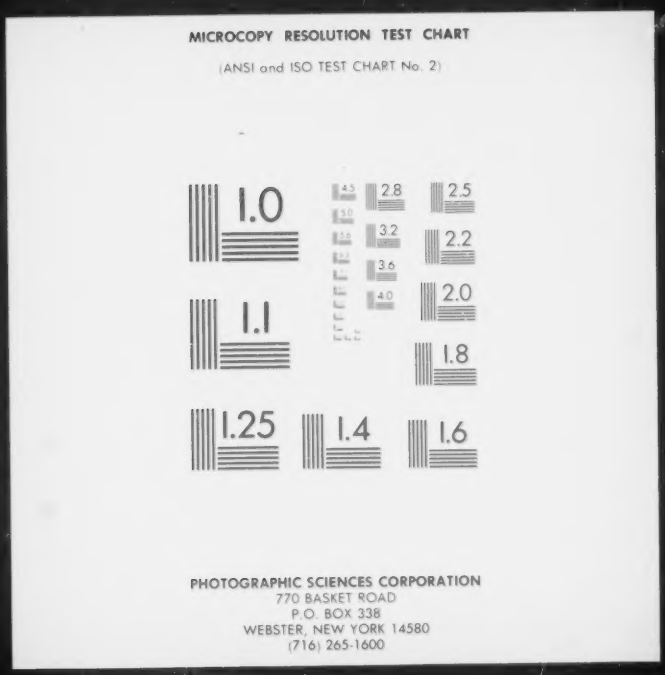
1. Estimates assume results of election are certified during calendar year 1991.
2. Estimates are not provided for the post-1995 period.

TABLE 3. COMMONWEALTH OPTION

Revenue Table[1,2]

	Fiscal Years [Millions of Dollars]				
	1992	1993	1994	1995	1992-95
1) Increase Section 936 Active Income Percentage from 75% to 80% in 1995 and 85% in all years after 1995[3]	0	0	0	30	30
2) Targeted Amount of Reduced Cover-over of Excise Taxes and Customs Duties[4]	0	133	265	368	766
Total Increased Receipts and Reductions in Cover-overs Under Commonwealth Option . .	0	133	265	398	796

1. Estimates assume results of election are certified during calendar year 1991.
2. Estimates are not provided for the post-1995 period.
3. The active trade or business percentage is increased to 85% in 1996. The increased revenues from this change are not reflected in this table.
4. Cover-overs of excise taxes and customs duties are fully eliminated after 1995.



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